

AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 496
OFFERED BY MRS. CUBIN

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Independent Tele-
3 communications Consumer Enhancement Act of 2001”.

4 SEC. 2. FINDINGS AND PURPOSE.

5 (a) FINDINGS.—Congress finds the following:

6 (1) The Telecommunications Act of 1996 was
7 enacted to foster the rapid deployment of advanced
8 telecommunications and information technologies
9 and services to all Americans by promoting competi-
10 tion and reducing regulation in telecommunications
11 markets nationwide.

12 (2) The Telecommunications Act of 1996 spe-
13 cifically recognized the unique abilities and cir-
14 cumstances of local exchange carriers with fewer
15 than two percent of the Nation’s subscriber lines in-
16 stalled in the aggregate nationwide.

17 (3) Given the markets two percent carriers typi-
18 cally serve, such carriers are uniquely positioned to
19 accelerate the deployment of advanced services and



1 competitive initiatives for the benefit of consumers
2 in less densely populated regions of the Nation.

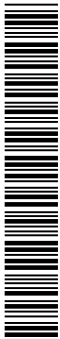
3 (4) Existing regulations are typically tailored to
4 the circumstances of larger carriers and therefore
5 often impose disproportionate burdens on two per-
6 cent carriers, impeding such carriers' deployment of
7 advanced telecommunications services and competi-
8 tive initiatives to consumers in less densely popu-
9 lated regions of the Nation.

10 (5) Reducing regulatory burdens on two percent
11 carriers will enable such carriers to devote additional
12 resources to the deployment of advanced services
13 and to competitive initiatives to benefit consumers in
14 less densely populated regions of the Nation.

15 (6) Reducing regulatory burdens on two percent
16 carriers will increase such carriers' ability to respond
17 to marketplace conditions, allowing them to accel-
18 erate deployment of advanced services and competi-
19 tive initiatives to benefit consumers in less densely
20 populated regions of the Nation.

21 (b) PURPOSES.—The purposes of this Act are—

22 (1) to accelerate the deployment of advanced
23 services and the development of competition in the
24 telecommunications industry for the benefit of con-
25 sumers in all regions of the Nation, consistent with



1 the Telecommunications Act of 1996, by reducing
2 regulatory burdens on local exchange carriers with
3 fewer than two percent of the Nation's subscriber
4 lines installed in the aggregate nationwide;

5 (2) to improve such carriers' flexibility to un-
6 dertake such initiatives; and

7 (3) to allow such carriers to redirect resources
8 from paying the costs of such regulatory burdens to
9 increasing investment in such initiatives.

10 **SEC. 3. DEFINITION.**

11 Section 3 of the Communications Act of 1934 (47
12 U.S.C. 153) is amended—

13 (1) by redesignating paragraphs (51) and (52)
14 as paragraphs (52) and (53), respectively; and

15 (2) by inserting after paragraph (50) the fol-
16 lowing:

17 “(51) TWO PERCENT CARRIER.—The term ‘two
18 percent carrier’ means an incumbent local exchange
19 carrier within the meaning of section 251(h) whose
20 access lines, when aggregated with the access lines
21 of any local exchange carrier that such incumbent
22 local exchange carrier directly or indirectly controls,
23 is controlled by, or is under common control with,
24 are fewer than two percent of the Nation's sub-
25 scriber lines installed in the aggregate nationwide.”.



1 **SEC. 4. REGULATORY RELIEF FOR TWO PERCENT CAR-**
2 **RIERS.**

3 Title II of the Communications Act of 1934 is
4 amended by adding at the end thereof a new part IV as
5 follows:

6 **“PART IV—PROVISIONS CONCERNING TWO**
7 **PERCENT CARRIERS**

8 **“SEC. 281. REDUCED REGULATORY REQUIREMENTS FOR**
9 **TWO PERCENT CARRIERS.**

10 “(a) COMMISSION TO TAKE INTO ACCOUNT DIF-
11 FERENCES.—In adopting rules that apply to incumbent
12 local exchange carriers (within the meaning of section
13 251(h)), the Commission shall separately evaluate the bur-
14 den that any proposed regulatory, compliance, or report-
15 ing requirements would have on two percent carriers.

16 “(b) EFFECT OF COMMISSION’S FAILURE TO TAKE
17 INTO ACCOUNT DIFFERENCES.—If the Commission
18 adopts a rule that applies to incumbent local exchange car-
19 riers and fails to separately evaluate the burden that any
20 proposed regulatory, compliance, or reporting requirement
21 would have on two percent carriers, the Commission shall
22 not enforce the rule against two percent carriers unless
23 and until the Commission performs such separate evalua-
24 tion.

25 “(c) ADDITIONAL REVIEW NOT REQUIRED.—Noth-
26 ing in this section shall be construed to require the Com-



1 mission to conduct a separate evaluation under subsection
2 (a) if the rules adopted do not apply to two percent car-
3 riers, or such carriers are exempted from such rules.

4 “(d) SAVINGS CLAUSE.—Nothing in this section shall
5 be construed to prohibit any size-based differentiation
6 among carriers mandated by this Act, chapter 6 of title
7 5, United States Code, the Commission’s rules, or any
8 other provision of law.

9 “(e) EFFECTIVE DATE.—The provisions of this sec-
10 tion shall apply with respect to any rule adopted on or
11 after the date of enactment of this section.

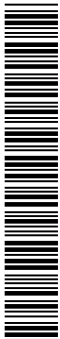
12 **“SEC. 282. LIMITATION OF REPORTING REQUIREMENTS.**

13 “(a) LIMITATION.—The Commission shall not require
14 a two percent carrier—

15 “(1) to file cost allocation manuals or to have
16 such manuals audited or attested, but a two percent
17 carrier that qualifies as a class A carrier shall annu-
18 ally certify to the Commission that the two percent
19 carrier’s cost allocation complies with the rules of
20 the Commission; or

21 “(2) to file Automated Reporting and Manage-
22 ment Information Systems (ARMIS) reports.

23 “(b) PRESERVATION OF AUTHORITY.—Except as
24 provided in subsection (a), nothing in this Act limits the
25 authority of the Commission to obtain access to informa-



1 tion under sections 211, 213, 215, 218, and 220 with re-
2 spect to two percent carriers.

3 **“SEC. 283. INTEGRATED OPERATION OF TWO PERCENT**
4 **CARRIERS.**

5 “The Commission shall not require any two percent
6 carrier to establish or maintain a separate affiliate to pro-
7 vide any common carrier or noncommon carrier services,
8 including local and interexchange services, commercial mo-
9 bile radio services, advanced services (within the meaning
10 of section 706 of the Telecommunications Act of 1996),
11 paging, Internet, information services or other enhanced
12 services, or other services. The Commission shall not re-
13 quire any two percent carrier and its affiliates to maintain
14 separate officers, directors, or other personnel, network fa-
15 cilities, buildings, research and development departments,
16 books of account, financing, marketing, provisioning, or
17 other operations.

18 **“SEC. 284. PARTICIPATION IN TARIFF POOLS AND PRICE**
19 **CAP REGULATION.**

20 “(a) NECA POOL.—The participation or withdrawal
21 from participation by a two percent carrier of one or more
22 study areas in the common line tariff administered and
23 filed by the National Exchange Carrier Association or any
24 successor tariff or administrator shall not obligate such
25 carrier to participate or withdraw from participation in



1 such tariff for any other study area. The Commission may
2 require a two percent carrier to give 60 days notice of
3 its intent to participate or withdraw from participation in
4 such common line tariff with respect to a study area. Ex-
5 cept as permitted by section 310(f)(3), a two percent car-
6 rier's election under this subsection shall be binding for
7 one year from the date of the election.

8 “(b) PRICE CAP REGULATION.—A two percent car-
9 rier may elect to be regulated by the Commission under
10 price cap rate regulation, or elect to withdraw from such
11 regulation, for one or more of its study areas. The Com-
12 mission shall not require a carrier making an election
13 under this paragraph with respect to any study area or
14 areas to make the same election for any other study area.
15 Except as permitted by section 310(f)(3), a two percent
16 carrier's election under this subsection shall be binding for
17 one year from the date of the election.

18 **“SEC. 285. DEPLOYMENT OF NEW TELECOMMUNICATIONS**

19 **SERVICES BY TWO PERCENT COMPANIES.**

20 “(a) ONE-DAY NOTICE OF DEPLOYMENT.—The
21 Commission shall permit two percent carriers to introduce
22 new interstate telecommunications services by filing a tar-
23 iff on one day's notice showing the charges, classifications,
24 regulations and practices therefor, without obtaining a
25 waiver, or make any other showing before the Commission



1 in advance of the tariff filing. The Commission shall not
2 have authority to approve or disapprove the rate structure
3 for such services shown in such tariff.

4 “(b) DEFINITION.—For purposes of subsection (a),
5 the term ‘new interstate telecommunications service’
6 means a class or subclass of service not previously offered
7 by the two percent carrier that enlarges the range of serv-
8 ice options available to ratepayers of such carrier.

9 **“SEC. 286. ENTRY OF COMPETING CARRIER.**

10 “(a) PRICING FLEXIBILITY.—Notwithstanding any
11 other provision of this Act, any two percent carrier shall
12 be permitted to deaverage its interstate switched or special
13 access rates, file tariffs on one day’s notice, and file con-
14 tract-based tariffs for interstate switched or special access
15 services immediately upon certifying to the Commission
16 that a telecommunications carrier unaffiliated with such
17 carrier is engaged in facilities-based entry within such car-
18 rier’s service area. A two percent carrier subject to rate-
19 of-return regulation with respect to an interstate switched
20 or special access service, for which pricing flexibility has
21 been exercised pursuant to this paragraph, shall compute
22 its interstate rate of return based on the nondiscounted
23 rate for such service.

24 “(b) PRICING DEREGULATION.—Notwithstanding
25 any other provision of this Act, upon receipt by the Com-



1 mission of a certification by a two percent carrier that a
2 local exchange carrier that is not a two percent carrier
3 is engaged in facilities-based entry within the two percent
4 carrier's service area, the Commission shall regulate such
5 two percent carrier as non-dominant, and therefore shall
6 not require the tariffing of the interstate service offerings
7 of such two percent carrier.

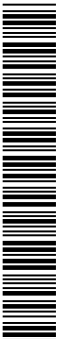
8 “(c) PARTICIPATION IN EXCHANGE CARRIER ASSO-
9 CIATION TARIFF.—A two percent carrier that meets the
10 requirements of subsection (a) or (b) of this section with
11 respect to one or more study areas shall be permitted to
12 participate in the common line tariff administered and
13 filed by the National Exchange Carrier Association or any
14 successor tariff or administrator, by electing to include
15 one or more of its study areas in such tariff.

16 “(d) DEFINITIONS.—For purposes of this section:

17 “(1) FACILITIES-BASED ENTRY.—The term ‘fa-
18 cilities-based entry’ means, within the service area of
19 a two percent carrier—

20 “(A) the provision or procurement of local
21 telephone exchange switching or its equivalent;
22 and

23 “(B) the provision of telephone exchange
24 service to at least one unaffiliated customer.



1 “(2) CONTRACT-BASED TARIFF.—The term
2 ‘contract-based tariff’ shall mean a tariff based on
3 a service contract entered into between a two per-
4 cent carrier and one or more customers of such car-
5 rier. Such tariff shall include—

6 “(A) the term of the contract, including
7 any renewal options;

8 “(B) a brief description of each of the
9 services provided under the contract;

10 “(C) minimum volume commitments for
11 each service, if any;

12 “(D) the contract price for each service or
13 services at the volume levels committed to by
14 the customer or customers;

15 “(E) a brief description of any volume dis-
16 counts built into the contract rate structure;
17 and

18 “(F) a general description of any other
19 classifications, practices, and regulations affect-
20 ing the contract rate.

21 “(3) SERVICE AREA.—The term ‘service area’
22 has the same meaning as in section 214(e)(5).



1 **“SEC. 287. SAVINGS PROVISIONS.**

2 “(a) COMMISSION AUTHORITY.—Nothing in this part
3 shall be construed to restrict the authority of the Commis-
4 sion under sections 201 through 208.

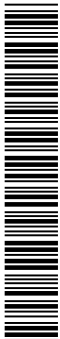
5 “(b) RURAL TELEPHONE COMPANY RIGHTS.—Noth-
6 ing in this part shall be construed to diminish the rights
7 of rural telephone companies otherwise accorded by this
8 Act, or the rules, policies, procedures, guidelines, and
9 standards of the Commission as of the date of enactment
10 of this section.”.

11 **SEC. 5. LIMITATION ON MERGER REVIEW.**

12 (a) AMENDMENT.—Section 310 of the Communica-
13 tions Act of 1934 (47 U.S.C. 310) is amended by adding
14 at the end the following:

15 “(f) DEADLINE FOR MAKING PUBLIC INTEREST DE-
16 TERMINATION.—

17 “(1) TIME LIMIT.—In connection with any
18 merger between two percent carriers, or the acquisi-
19 tion, directly or indirectly, by a two percent carrier
20 or its affiliate of securities or assets of another two
21 percent carrier or its affiliate, if the carrier or car-
22 riers remain two percent carriers after the merger or
23 acquisition, the Commission shall make any deter-
24 minations required by this section and section 214,
25 and shall rule on any petition for waiver of the Com-
26 mission’s rules or other request related to such de-

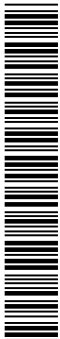


1 terminations, not later than 60 days after the date
2 an application with respect to such merger or acqui-
3 sition is submitted to the Commission.

4 “(2) APPROVAL ABSENT ACTION.—If the Com-
5 mission does not approve or deny an application as
6 described in paragraph (1) by the end of the period
7 specified, the application shall be deemed approved
8 on the day after the end of such period. Any such
9 application deemed approved under this subsection
10 shall be deemed approved without conditions.

11 “(3) ELECTION PERMITTED.—The Commission
12 shall permit a two percent carrier to make an elec-
13 tion pursuant to section 284 with respect to any
14 local exchange facilities acquired as a result of a
15 merger or acquisition that is subject to the review
16 deadline established in paragraph (1) of this sub-
17 section.”.

18 (b) EFFECTIVE DATE.—The provisions of this sec-
19 tion shall apply with respect to any application that is sub-
20 mitted to the Commission on or after the date of enact-
21 ment of this Act. Applications pending with the Commis-
22 sion on the date of enactment of this Act shall be subject
23 to the requirements of this section as if they had been
24 filed with the Commission on the date of enactment of
25 this Act.



1 **SEC. 6. TIME LIMITS FOR ACTION ON PETITIONS FOR RE-**
2 **CONSIDERATION OR WAIVER.**

3 (a) AMENDMENT.—Section 405 of the Communica-
4 tions Act of 1934 (47 U.S.C. 405) is amended by adding
5 to the end the following:

6 “(c) EXPEDITED ACTION REQUIRED.—

7 “(1) TIME LIMIT.—Within 90 days after receiv-
8 ing from a two percent carrier a petition for recon-
9 sideration or other review filed under this section or
10 a petition for waiver of a rule, policy, or other Com-
11 mission requirement, the Commission shall issue an
12 order granting or denying such petition. If the Com-
13 mission fails to act on a petition for waiver subject
14 to the requirements of this section within this 90-
15 day period, the relief sought in such petition shall be
16 deemed granted. If the Commission fails to act on
17 a petition for reconsideration or other review subject
18 to the requirements of this section within such 90-
19 day period, the Commission’s enforcement of any
20 rule the reconsideration or other review of which was
21 specifically sought by the petitioning party shall be
22 stayed with respect to that party until the Commis-
23 sion issues an order granting or denying such peti-
24 tion.

25 “(2) FINALITY OF ACTION.—Any order issued
26 under paragraph (1), or any grant of a petition for



1 waiver that is deemed to occur as a result of the
2 Commission's failure to act under paragraph (1),
3 shall be a final order and may be appealed.”.

4 (b) EFFECTIVE DATE.—The provisions of this sec-
5 tion shall apply with respect to any petition for reconsider-
6 ation or other review or petition for waiver that is sub-
7 mitted to the Commission on or after the date of enact-
8 ment of this Act. Pending petitions for reconsideration or
9 petitions for waiver shall be subject to the requirements
10 of this section as if they had been filed on the date of
11 enactment of this Act.

